

Monsanto

TO : J. A. Alley - B2SD

DATE : January 12, 1977

SUBJECT : Final PCB Fluid Orders

REFERENCE :

TO : D. Wood
B2SD

1. Recommendation. This is to recommend a cover letter to go with acknowledgements on final orders to our customers. Attached is a draft of the letter with a blank acknowledgment form and a form that is completed. Basically, the letter states that we consider the order firm and not subject to cancellation.
2. Background.
 - a) Monsanto is vulnerable to manufacturing orders for customers and then having them cancelled before they are shipped. This could result in substantial costs to Monsanto for raw materials, manufacturing, and incineration.
 - b) We plan to handle return of rail car planning through separate correspondence and discussions with our customers.
 - c) Alternative considered and reasons for rejection:
 1. Take or pay agreements - Bob Potter has already stated that he prefers not to use this approach.
 2. Liquidated damage contracts - Rejected because it would require considerable time for legal processing by Monsanto and our customers. Our customers would

D. Wood

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find this approach distasteful, thus impairing our efforts to exit this business while maintaining good relations and acting in a responsible manner. I am certain that we would receive considerable verbal "flak" from our customers, i.e., "after all of these years Monsanto doesn't trust us to place an order in good faith and with good intentions".

3. Action requested

To proceed with a cover letter along the lines of the attachment.

Jim
J. A. Alley

tmc
Enclosure

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